

Director's Office/Management Services Division:

The Director's Office/Management Services Division consists of three programs:

The Director's Office:

The Director's Office is the central management unit of the Department of Commerce. The office sets policy and offers problem-solving guidance to all divisions and programs. The office keeps abreast of present Department programs, goals, issues, priorities and overall activities.

The office provides general supervision and acts in a public relations and informational capacity when dealing with the public, Governor's Office, Legislature, and other agencies, ensuring credibility and positive image of the Department.

The Director's Office works closely with economic and community development organizations, businesses, communities, governmental entities, elected officials and the public to diversify and expand the state's economic base through business creation, expansion, retention, and improvement of infrastructure.

The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office.

Management Services Division:

The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting, budgeting, fiscal management, contracting, purchasing, information technology, human resources, payroll, benefits, and training.

Virtually every division, bureau, and program in the agency uses the Divisions services. Division staff works closely with a host of other governmental agencies, both executive and legislative, in effect acting as the administrative contact points for the agency. The "central services" aspect of the Division greatly reduces the overlap and the redundancy found in decentralized business environments. These aspects enhance the overall effectiveness and efficiency of the agency by standardizing business processes and employing best business practices in as many areas of the agency as possible, while keeping the costs to supported programs as low as possible.

Management Services and the Director's Office analyze, with program managers, the statutory, administrative, and programmatic objectives of their programs in order to develop performance measures which maximize the benefits of the services provided to the citizens of Montana while minimizing the resources required to achieve those objectives.

The Director's Office/Management Services Division responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

The Montana Council on Developmental Disabilities (MCDD):

The Montana Council on Developmental Disabilities is a citizen based advocacy group. Its members, appointed by the Governor work to provide increased independence, integration and productivity for persons with developmental disabilities.

In pursuing these goals, the Council administers federal funds in three major areas; 1) assistance in the provision of comprehensive services to persons with developmental disabilities; 2) assistance to the state in appropriate planning activities; and 3) contracting with public and private agencies to establish model programs, demonstrate innovative habilitation techniques and to train professional and paraprofessional personnel in providing services to persons with developmental disabilities.

In 2003, the 58th Montana Legislature transferred the Developmental Disabilities Planning and Advisory Council (DDPAC) from the Department of Public Health and Human Services to the Department of Commerce with the provision the State could contract with a nonprofit corporation for the purposes of carrying out the responsibilities delegated to the DDPAC. In January 2004 the Department entered into a contract with the Montana Council on Developmental Disabilities (MCDD) as a nonprofit corporation. The Department of Commerce remains the cognizant state agency with the Federal Department of Health and Human Services; disbursing (pass through) funds to the MCDD under the terms and conditions of the contract. The MCDD program is funded entirely in HB 2 with federal special revenue and more information is available at the MCDD website, <http://www.mtcdd.org/>.

MCDD responsibilities are mandated primarily in Title 53, Chapter 20, MCA.

Mission:

To enhance the department's mission of economic and community development by effectively and efficiently assisting departmental staff, and setting the visionary direction in which the Department of Commerce does business.

Goals and Objectives:

In order to fulfill its mission the Director's Office/Management Services Division is committed to achieving the following goals and objectives:

Provide a quality internal organizational and support structure for the department's programs that recognizes the importance of satisfying customer needs while assuring the legislature, the public, and management that the department conforms to applicable laws and policies.

Analyze, with program managers, the statutory, administrative, and programmatic objectives of their programs in order to develop performance measures which maximize the benefits of the services provided to the citizens of Montana while minimizing the resources required to achieve those objectives.

Analyze, develop, and implement work processes within the department that support further program efficiency and effectiveness.

Empower staff to remedy problems at the earliest point.

Eliminate outdated and unnecessary rules and regulations that may impede customer service.

Advocate to management the development of systems, policies, and procedures that reduce the amount of paperwork necessary to meet customer needs.

Director's Office – Management Services HB 576 Program Description:

The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively-attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana.

The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting, budgeting, fiscal management, contracting, purchasing, information technology, human resources, payroll, benefits, and training.

The Director's Office and the Management Services Division are funded through an internal service fund; accounting entity 06542.

The Director's Office/Management Services Division responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

Customers are all divisions, bureaus, programs, and employees of the Department of Commerce. Use of these services is mandated by agency policies and procedures; there are no alternative sources for these services; although the department may contract for legal services from time to time whenever it is most appropriate and cost effective to do so.

There has not been any significant program, service, or customer base change since the last session.

HB 576 Revenues, Expenses, and Fund Equity:

Revenue Description:

The Director's Office/Management Services Division; is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the divisions indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated, and legislatively approved indirect cost rates applied to actual personal services expenditures.

The Director's Office/Management Services Division provides all of the services listed in the program description to all department divisions, bureaus, programs, and employees.

The customer base for the Director's Office/Management Services Division includes:

Board of Research & Commercialization Technology
Business Resources Division
Montana Promotion Division
Community Development Division
Montana Facility Finance Authority
Housing Division
Board of Investments
Montana Heritage Preservation and Development Commission
Montana Council on Developmental Disabilities

The revenue objective of the Director's Office/Management Services Division is to maintain the lowest possible indirect charge to supported divisions, bureaus, and programs, while maintaining a nominal 60 day working capital reserve. The department has historically used this methodology in calculating indirect rates because the federal government requires the same methodology to be used when charging indirect costs to federally funded programs.

FY 2006 base year funding, by fund type is as follows:

	FY 2006	%
General Fund	\$ 197,052.95	15.869%
State Special	\$ 368,923.77	29.709%
Federal Special	\$ 119,568.58	9.629%
Proprietary	\$ 556,213.89	44.792%
Misc. Reimbursement	\$ 12.00	0.001%
Totals:	\$ 1,241,771.19	100.000%

Customer expenditures are primarily recorded in SABHRS expenditure codes 62743, and 62827; while Director's Office/Management Services Division revenues are primarily recorded in the following SABHRS revenue codes:

	FY 2006	%
520702	\$ 981,171.31	79.014%
522017	\$ 12.00	0.001%
525045	\$ 25,000.00	2.013%
584002	\$ 235,587.88	18.972%
Totals:	\$ 1,241,771.19	100.000%

Expense Description:

The major cost drivers within the Director's Office/Management Services Division are personal services, operating expenses and expenditures related to the periodic replacement of the agencies computer equipment. The major cost drivers for the division can best be represented in the following table:

	FY 2006	%
FTE	16.50	
Personal Services	\$ 1,005,708.00	82.282%
Operating Expenses	\$ 216,565.00	17.718%
Totals:	\$ 1,222,273.00	100.000%

Factors that contribute to uncertainty in forecasting expenses involve potential legislative actions since the cost of providing centralized support services is directly related to the number and complexity of the agencies divisions, bureaus, and programs; and the number of agency staff served. As agency services and programs increase, or decrease; management needs to remain cognizant of divisions staffing requirements and indirect cost rates and make the necessary adjustments when needed.

For the purposes of this analysis, it is assumed the agencies divisions, bureaus, programs, and staff remain constant. Non-typical and one-time-only expenses are subtracted out of the divisions future cost projections before calculating the indirect rate. The proposed indirect cost rate will fund 17.00 FTE in the 2009 biennium; 0.50 FTE more than the number of FTE approved in the 2007 biennium.

Working Capital Discussion:

The division's indirect cost rate is calculated by dividing projected annual expenses, plus a nominal 60 day working capital reserve, by the projected actual personal services expenses of supported divisions, bureaus, and programs. Federally funded programs are allocated indirect costs by an annually calculated indirect cost rate, while state funded programs are allocated indirect costs via a legislatively approved indirect cost rate.

The division's working capital objective is to recover the costs necessary to fund the division's ongoing operations. The division needs to maintain a nominal 60 day working capital reserve to meet ongoing operational costs.

Fund Equity and Reserved Fund Balance:

At the proposed rates, the Department projects a fiscal year end 2009 ending working capital reserve of approximately 60 days. All interest earnings on the working capital reserve are distributed to the state general fund.

Rate Explanation:

The division calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs. This rate is then applied against actual federally funded personal services expenditures within the department, not including the Director's Office/ Management Services Division.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the division under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

The divisions indirect cost rate is determined based on guidelines prescribed by the federal government. Additionally, the division complies with 17-3-111, MCA, which requires agencies to calculate a rate that would recover indirect costs to the greatest extent possible. In order to comply with this statute, the division has requested a rate that may vary slightly from the annually calculated federal rate. The rate approved by the Legislature is considered a cap; therefore, the division cannot impose a rate higher than what has been approved by the Legislature. However, the annually calculated federal rate may be slightly lower.

Significant Present Law:

The only present law adjustments are for the scheduled replacement of the Department's main file servers and disk storage units, the addition of 0.50 FTE to be used to enhance the agencies web presence, and administrative costs; such as overtime, computer equipment based upon 4 year replacement schedules, and annual rent increases.

The impact of these Present Law proposals on the requested rate is minimal.

Hardware Replacements OTO:

	FY 2008	FY 2009
2009 Biennium Requested Rate	14.000%	13.750%
2009 Biennium Rate W/O Hardware	13.130%	13.645%
Variance:	0.87%	0.105%

Web Developer:

	FY 2008	FY 2009
2009 Biennium Requested Rate	14.000%	13.750%
2009 Biennium Rate W/O Web Dev.	13.645%	13.432%
Variance:	0.355%	0.318%

Administrative Costs:

	FY 2008	FY 2009
2009 Biennium Requested Rate	14.000%	13.750%
2009 Biennium Rate W/O Admin Costs	13.831%	13.635%
Variance:	0.169%	0.115%

New Proposals:

There are no new proposals.